



MILLENNIUM
CHALLENGE CORPORATION

UNITED STATES OF AMERICA



Lessons Learned and Current Approach

Research Questions

1. What are the net cost savings attributable to road investments?
2. How and how well are road assets maintained?
3. Who is using the roads and at what cost?
4. How efficient are transportation services?

Lessons Learned from MCC's Early Investments

- 1. Clearly defined problems must inform road project development*
- 2. Road network analyses shall prioritize project selection*
- 3. Proactively address policies and institutional capacity to sustain road investments*
- 4. Ensure consistent economic analysis across road projects*
- 5. Rigorously review investment design throughout project cycle to manage investment value*
- 6. Standardize data requirements across all road projects*
- 7. Evaluations must balance costs with the potential for learning*

1. Clearly Defined Problems

- Transportation investments are not a cure for all development problems
 - They can only work through reduced transport costs.
 - Road investments must be justified by clear evidence that reduced transport costs will enable economic activity

2. Projects Based on Road Network Analyses

- Some early road investments depended on unclear host government priorities
- MCC now works with host governments to prioritize investments based on their Road Network Analysis

3. Proactively Address Road Maintenance Risks

- Inadequate maintenance will erode the essential cost savings of even the best road investment projects
- Policies and institutional issues are common risks to essential maintenance
 - These issues must be addressed proactively

4. Consistent economic analysis applied to all road projects

- Out-sourced and poorly monitored economic analyses permitted inadequate due diligence
- MCC shall insist on consistent standards of all economic analyses
 - Consistent standards for model parameters
 - CBA model standards (no “double-counting” of exogenous benefits)

5. Design Review and Adjustment Throughout Project

- Full feasibility studies conducted prior to investment decision
- Be prepared to optimally adjust the full investment plan as new information becomes available

6. Standardize Road Data Collection Protocols

- Verify and peer-review data that are used to guide investment decisions
- Data collection shall adhere to MCC established guidelines

7. Balance Evaluation Costs with their Learning Potential

- Treat evaluations as other investments: benefits should outweigh costs
- Inform evaluation investments by credible theory and evidence
- Try to measure intermediate and ultimate outcomes to test the theory
- But assess the likelihood of detectable effects before gathering costly data

Reducing Poverty Through Growth